

The Next Phase in the China-US Confrontation

by George Friedman - May 23, 2023

Last week, I wrote about the major expansion of the U.S.-Philippine alliance, Japanese alignment with Taiwan and possible three-way links with South Korea, and a planned visit by President Joe Biden to Papua New Guinea to forge an alliance there. That meeting didn't take place, officially because Biden needed to return to Washington to secure a deal on raising the debt ceiling. My guess is that during a week where China's strategic defense in the South China Sea was hammered and likely fragmented, the U.S. decided not to pile on with a visit, but the agreement with Papua New Guinea will be completed nonetheless.

This week, the focus changed from military deployments to economics. In general, this is far more important to the Chinese than the military balance. China's military does not reach the level where Beijing could have a high degree of confidence in its success in a conflict, and defeat would be catastrophic. But in point of fact, I regard the Chinese military as weaker than others do. Weapons are important, but so are experience in combat and terrain. The terrain was never favorable for China. Islands block its access to the open seas, and last week's agreements made the Chinese position as an offensive power untenable. There is an interesting tendency to overestimate potential offensive powers over those with a strong defensive base. Russia in Ukraine is a case in point, but so is China, where an attack on Taiwan has been imminent for years. Russia did not recognize its position, but China does.

Therefore, the Chinese greeted U.S. national security adviser Jake Sullivan's invitation to a meeting, which was only as unpleasant as good manners demanded. Sullivan wanted to reassure the Chinese that new initiatives by the administration were not intended to harm China. Most concerning to Beijing is a growing list of U.S. export controls intended to ensure that U.S. firms do not sell to China anything that could be used to strengthen its military. That would appear to be relatively benign, but since just about everything could be perceived as useful to the military, the U.S. was indicating that it could limit the flow of exports to China at will.

This potential step angered the Chinese, which gave Sullivan a good platform for negotiations. China relies on imports of advanced technology from the U.S., and U.S. investment in China has fallen, though it continues to be large. China's economy has begun to recover from its real estate crisis, but the basic reality created by that crisis remains intact. China's post-pandemic economic rebound has

weakened to the point of disappearing; there has been some growth, but nothing close to what the economic surge promised. The Chinese therefore face a degree of unrest. When a nation discovers that its progress in improving its standard of living is at best stalled, the regime must at least consider the worst case. It is reasonable that the Chinese have over recent months moved aggressively against potential unrest in several regions.

The Chinese can still celebrate past economic triumphs, but that is not nearly as good as celebrating new triumphs. Therefore, China must turn to its military as the foundation of its legitimacy. With Chinese threats to Taiwan being met with military deployments by others, the case can be made that the defenders recognize the power of China. At the same time, the shifts that have taken place in the waters east and south of China would indicate a different read. But the shifts likely seemed to most Chinese, if they noticed them, as simply routine diplomatic shuffles and not the construction of a powerful defensive line. The Chinese leadership, of course, does apprehend the danger. One option is to move to a more cordial relationship with the U.S. to ensure that trade continues and to mitigate U.S. unease with Chinese military operations.

Post-Maoist China's foundation was its economic miracle. Waging war opens the door to defeat. Watching Russia founder makes a case for avoiding war. Therefore, China must become more aggressive in its trade policy. Paradoxically, that means being more accommodating to the United States. A strong economic relationship with the U.S. is the key to China's recovery. It is the only single relationship sufficiently robust to provide a significant change. Sullivan's and some other openings to China come at an opportune time.

The United States does not want war with China, and it certainly doesn't intend to send land forces. It simply doesn't want Chinese military power projected into the Pacific. Whatever dreams China might have had, it must accept the realities it faces. The important thing for Chinese leaders is that, in accepting reality, they do not appear to the Chinese people as failures. That can be fatal. Therefore, we are in a period where appearances matter, and now is the time for the U.S. to be very modest. The challenge for Washington is to let the American public know that the modesty is feigned without the Chinese people getting restless.

I know that my view of China is far from the view of experts. This gives me comfort. Experts have knowledge, but usually, the knowledge was gained at the price of imagination.

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